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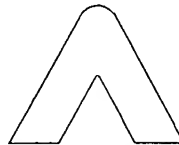
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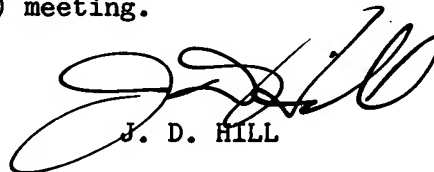
April 27, 1983

MEMORANDUM FOR THE DIRECTOR, INTELLIGENCE COMMUNITY STAFF

SUBJECT: NSDD on Commercialization of Expendable Launch Vehicles (ELVs)

As requested, we have reviewed the draft NSDD on Commercial ELVs. With one exception, we agree with its content and the overall policy direction. The exception concerns the NSC Staff change on page 2 of the draft NSDD concerning encouragement of competition among various systems and equitable treatment of all commercial operations. While we do not disagree with either concept, we have been told by the NSC Staff that the actual intent is to provide for a competitive bid process for government owned equipment, tooling and facilities related to ELVs. This process could be detrimental to the commercialization effort and potentially eliminate the benefits to the USG. Further, the sentence is extremely ambiguous in terms of intent and more importantly the legal obligations it places on USG actions related to commercial ELV operations.

We have worked with the General Counsel and the NSC Staff to devise alternate wording (Atch 1). The changed sentences now emphasize free-market competition versus implied competitive bidding and add broad qualifications concerning any government obligation to conduct a competitive bid process for the sale or lease of equipment or facilities. The language and framework we are suggesting for USG actions is drawn from existing administration policy in NSDD-50, Space Launch Assistance. This approach has been coordinated with the DOD, DOS and OSTP. Recommend you provide these comments to the NSC Staff. We also suggest that the draft NSDD be made a subject of discussion at the currently scheduled May 3, 1983 IG (Space) meeting.



J. D. HILL

1 Attachment
Alternate Wording
(TCS-51662/83)

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Page 2, Paragraph 2: Change as follows:

The U.S. Government will encourage free-market competition among various systems and concepts within the U.S. private sector. Consistent with the U.S. economic, foreign policy and national security interests, the USG will provide equitable treatment for all commercial launch operations for the sale or lease of equipment and facilities.

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